FIG. 1

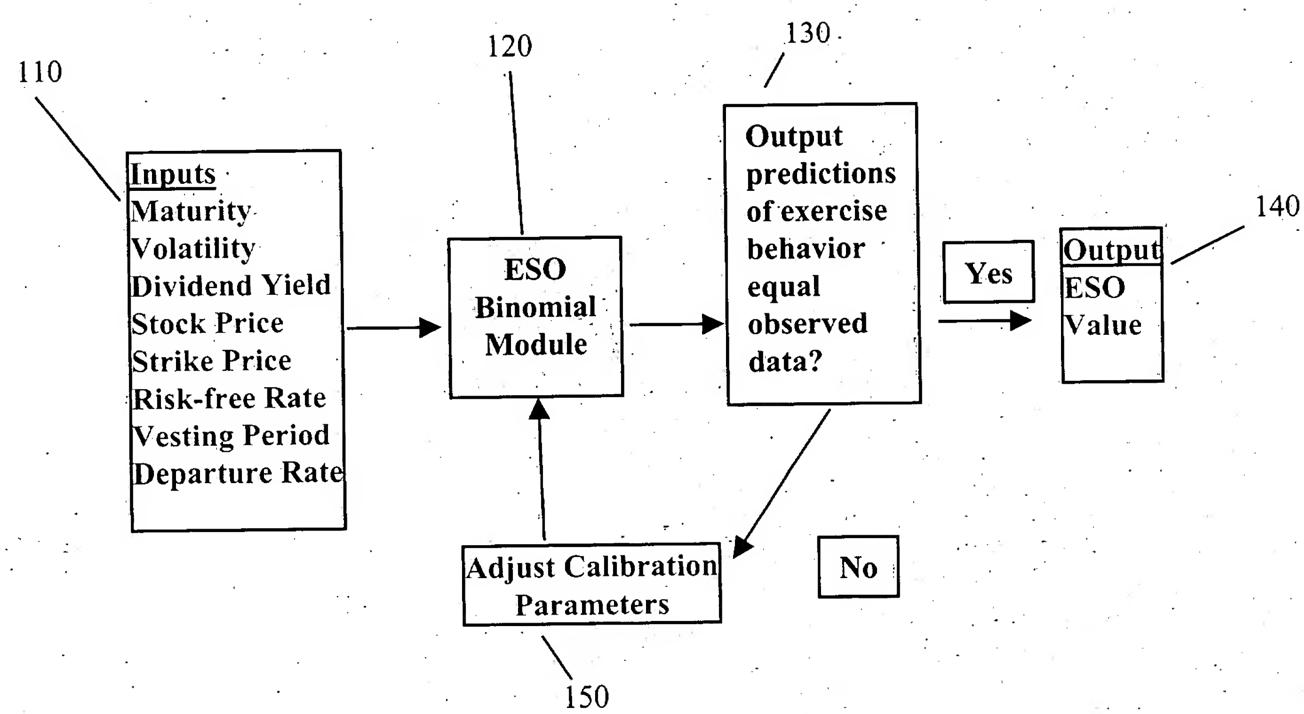

110
Inputs
Maturity
Volatility
Dividend Yield
Stock Price
Strike Price
Risk-free Rate
Vesting Period
Departure Rate
120
ESO Binomial Module
130
Output predictions of exercise behavior equal observed data?
Yes
No
140
Output
ESO Value
Adjust Calibration Parameters
150

FIG. 2

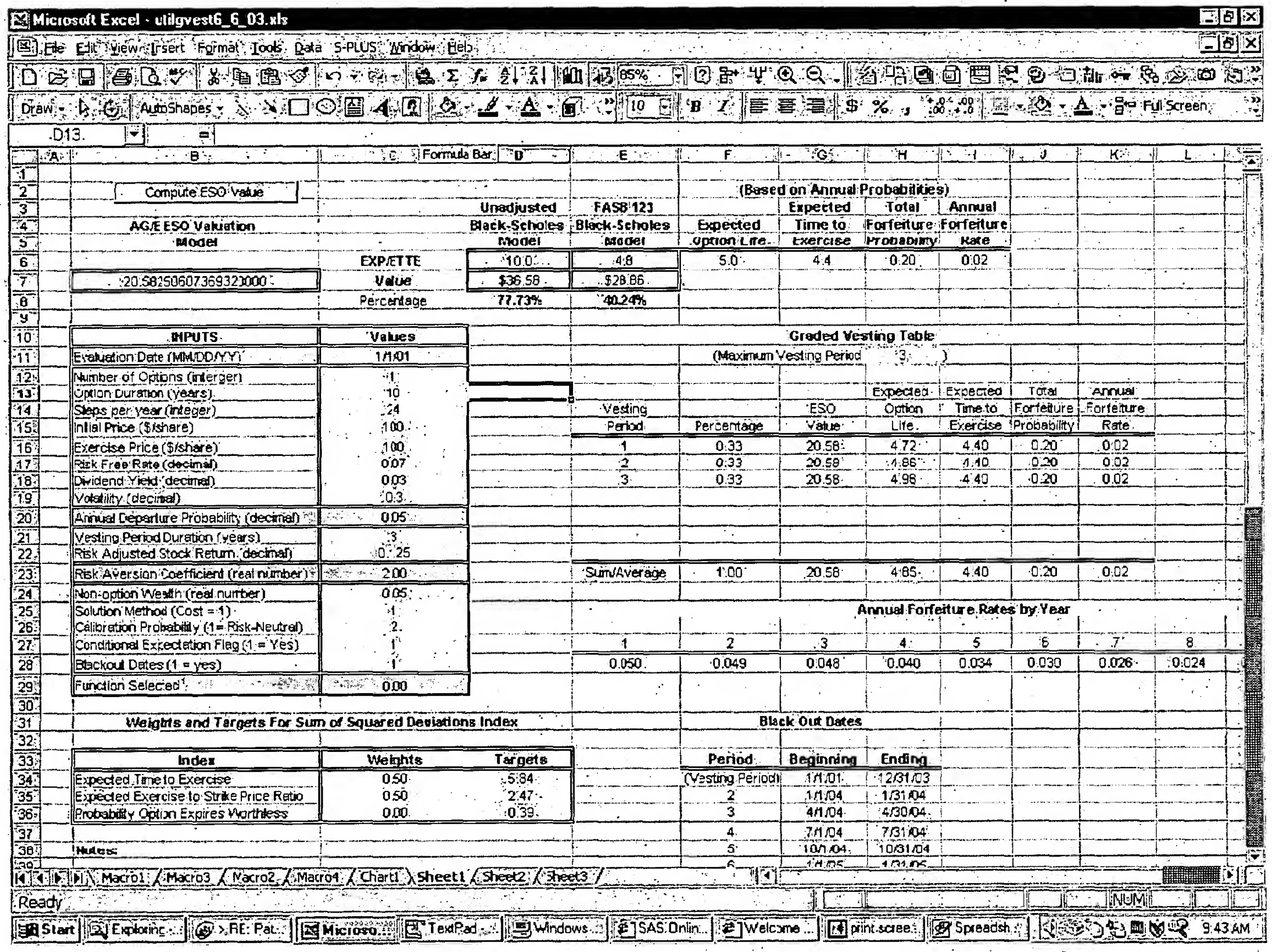
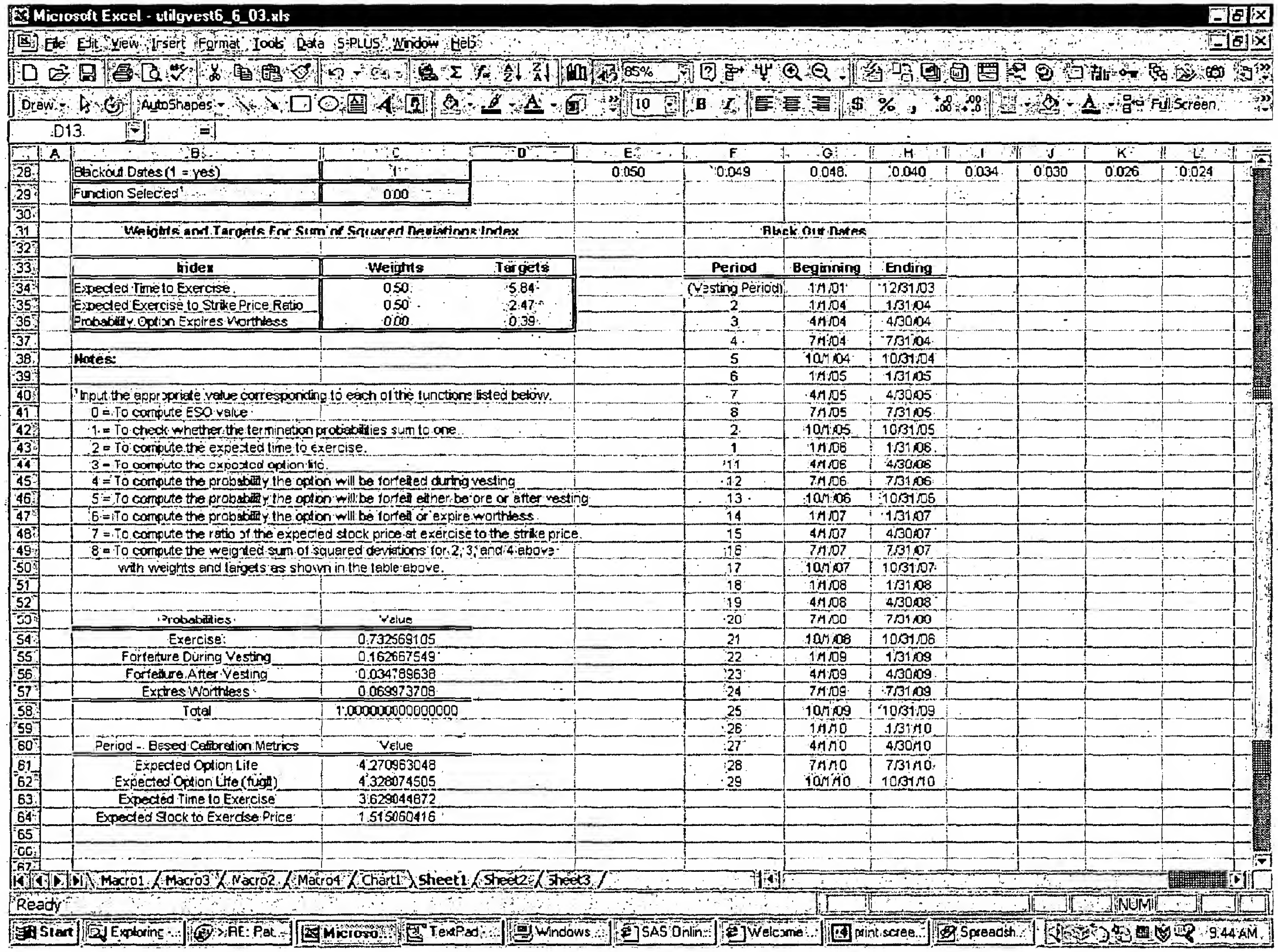

Microsoft Excel - utilgvest6_6_03.xls
File Edit View Insert Format Tools Data S-PLUS Window Help
Draw AutoShapes Full Screen
D13
Compute ESO Value
AG/E ESO Valuation Model
20.5825060736932000
Unadjusted Black-Scholes Model
FAS8123 Black-Scholes Model
(Based on Annual Probabilities)
Expected Option Life
Expected Time to Exercise
Total Forfeiture Probability
Annual Forfeiture Rate
EXP/ETTE 10.0 4.8 5.0 4.4 0.20 0.02
Value $36.58 $28.86
Percentage 77.73% 40.24%
INPUTS
Values
Evaluation Date (MM/DD/YY) 1/1/01
Number of Options (interger) 1
Option Duration (years) 10
Steps per year (integer) 24
Initial Price ($/share) 100
Exercise Price ($/share) 100
Risk Free Rate (decimal) 0.07
Dividend Yield (decimal) 0.03
Volatility (decimal) 0.3
Annual Departure Probability (decimal) 0.05
Vesting Period Duration (years) 3
Risk Adjusted Stock Return (decimal) 0.25
Risk Aversion Coefficient (real number) 2.00
Non-option Wealth (real number) 0.05
Solution Method (Cost = 1) 1
Calibration Probability (1= Risk-Neutral) 2
Conditional Expectation Flag (1 = Yes) 1
Blackout Dates (1 = yes) 1
Function Selected 0.00
Graded Vesting Table
(Maximum Vesting Period 3)
Vesting Period
Percentage
ESO Value
Expected Option Life
Expected Time to Exercise
Total Forfeiture Probability
Annual Forfeiture Rate
1 0.33 20.58 4.72 4.40 0.20 0.02
2 0.33 20.58 4.86 4.10 0.20 0.02
3 0.33 20.58 4.98 4.40 0.20 0.02
Sum/Average 1.00 20.58 4.85 4.40 0.20 0.02
Annual Forfeiture Rates by Year
1 2 3 4 5 6 7 8
0.050 0.049 0.048 0.040 0.034 0.030 0.026 0.024
Weights and Targets For Sum of Squared Deviations Index
Index
Weights
Targets
Expected Time to Exercise 0.50 5.84
Expected Exercise to Strike Price Ratio 0.50 2.47
Probability Option Expires Worthless 0.00 0.39
Notes:
Black Out Dates
Period
Beginning
Ending
(Vesting Period) 1/1/01 12/31/03
2 1/1/04 1/31/04
3 4/1/04 4/30/04
4 7/1/04 7/31/04
5 10/1/04 10/31/04
Macro1 Macro3 Macro2 Macro4 Chart1 Sheet1 Sheet2 Sheet3
Ready
NUM
Start Exploring RE: Pat Microso TextPad Windows SAS Onlin Welcome print scree Spreadsh 9:43 AM

FIG. 3



Microsoft Excel - utilgvest6_6_03.xls

	B	C	D	E	F	G	H	I	J	K	L
28	Blackout Dates (1 = yes)	1		0.050	0.049	0.048	0.040	0.034	0.030	0.026	0.024
29	Function Selected[1]	0.00									

Weights and Targets For Sum of Squared Deviations Index

Index	Weights	Targets
Expected Time to Exercise	0.50	5.84
Expected Exercise to Strike Price Ratio	0.50	2.47
Probability Option Expires Worthless	0.00	0.39

Notes:

[1] Input the appropriate value corresponding to each of the functions listed below.
0 = To compute ESO value
1 = To check whether the termination probabilities sum to one.
2 = To compute the expected time to exercise.
3 = To compute the expected option life.
4 = To compute the probability the option will be forfeited during vesting
5 = To compute the probability the option will be forfeit either before or after vesting
6 = To compute the probability the option will be forfeit or expire worthless
7 = To compute the ratio of the expected stock price at exercise to the strike price.
8 = To compute the weighted sum of squared deviations for 2, 3, and 4 above
with weights and targets as shown in the table above.

Probabilities	Value
Exercise	0.732569105
Forfeiture During Vesting	0.162667549
Forfeiture After Vesting	0.034789638
Expires Worthless	0.069973708
Total	1.000000000000000

Period - Based Calibration Metrics	Value
Expected Option Life	4.270963048
Expected Option Life (fugit)	4.328074505
Expected Time to Exercise	3.629044872
Expected Stock to Exercise Price	1.515060416

Black Out Dates

Period	Beginning	Ending
(Vesting Period)	1/1/01	12/31/03
2	1/1/04	1/31/04
3	4/1/04	4/30/04
4	7/1/04	7/31/04
5	10/1/04	10/31/04
6	1/1/05	1/31/05
7	4/1/05	4/30/05
8	7/1/05	7/31/05
2	10/1/05	10/31/05
1	1/1/06	1/31/06
11	4/1/06	4/30/06
12	7/1/06	7/31/06
13	10/1/06	10/31/06
14	1/1/07	1/31/07
15	4/1/07	4/30/07
16	7/1/07	7/31/07
17	10/1/07	10/31/07
18	1/1/08	1/31/08
19	4/1/08	4/30/08
20	7/1/00	7/31/00
21	10/1/08	10/31/08
22	1/1/09	1/31/09
23	4/1/09	4/30/09
24	7/1/09	7/31/09
25	10/1/09	10/31/09
26	1/1/10	1/31/10
27	4/1/10	4/30/10
28	7/1/10	7/31/10
29	10/1/10	10/31/10

Macro1 / Macro3 / Macro2 / Macro4 / Chart1 / Sheet1 / Sheet2 / Sheet3